

# Staff Summary Report

---



**Council Meeting Date:** 6-19-03

**Agenda Item Number:** 57

**SUBJECT:** Request approval of Resolution No. 2003.30 approving the continuation of the Downtown Tempe Enhanced Services District and the annual assessment of property within the District.

**DOCUMENT NAME:** 20030619cddsn01 **DOWNTOWN TEMPE ENHANCED SERVICES DISTRICT (0805-03)**

**SUPPORTING DOCS:** Yes

**COMMENTS:** Resolution No. 2003.30 approving the District continuation and annual assessments for The Downtown Tempe Enhanced Services Improvement District and the prior proceedings relating thereto (Public Hearing).

**PREPARED BY:** Steve Nielsen, Redevelopment Director

**REVIEWED BY:** Dave Fackler, Development Services Manager

**LEGAL REVIEW BY:** Cliff Mattice, Assistant City Attorney

**FISCAL NOTE:** Annual Assessment for City-owned property within the District for FY2003-04 is \$227,938.62. City Council will approve funding for this assessment as part of the City's Biennial Operating Budget.

**RECOMMENDATION:** Approval of Resolution 2003.30, continuing the District for an additional five-year period and approving the annual assessments of the Downtown Tempe Enhanced Services District and all prior proceedings related there to.

**ADDITIONAL INFO:** Attached for the City Council's review and approval is Resolution No. 2003.30, which if approved will continue the Downtown Tempe Enhanced Services District for an additional five-year period. In addition, approval of this Resolution will fix the assessments on downtown properties, which are subject to assessments under the provisions of the Downtown Tempe Enhanced Services District. The assessment from the District is the major source of funding for the operations of the Downtown Tempe Community, Inc.

On May 20, 1993 the City Council adopted Resolution No. 93.35 creating the Downtown Tempe Enhanced Services District. The District was initially approved for a five-year period ending June 30, 1999. Resolution No. 98.68 approved November 16, 1998 extended the district for an additional five-year period, through June 30, 2004. Although the District was approved for a five-year period the DTC is seeking renewal of the District one year early. This early renewal will also include a revised District boundary map and a change in the assessment formula used to calculate individual property assessments. DTC is seeking an increase in the

assessment rates, which have not changed since the District was formed in 1993. The new assessment will adjust the rate with consideration given to inflation and to actual services provided to properties based on the location of the property and the type of businesses and building located on the property. The DTC's District Continuation and Organization Report indicates that the bulk of the increased revenues derived from the new rate will be used for marketing and promotion of the Downtown. A copy of this report is attached for City Council review and is on file with City Clerk's Office and was referred to in the public hearing and protest notices mail to property owners within the District. In addition to approving the continuation of the district, the City Council must also review and approve the annual assessments. Resolution No 2003.30 will approve and fix the annual assessments for properties within the District for FY 2003/2004.

The total annual assessment for the period July 2003 through June 30, 2004, which is the subject of this Resolution No. 2003.30, totals \$466,100.70. This total is significantly higher (27%) than the current year assessment of \$367,965.22. This change is largely due to the change in the assessment formula but also reflects changes of use throughout the district, which are occurring during this assessment period.

The minimum twenty-day written protest period, during which property owners within the District, that are subject to assessments, may file written protest with the City Clerk ended April 28, 2003. The purpose of this public hearing is to hear comment and review any written protest received from property owners. Written protests filed with the City Clerk's Office, if any, will be presented to the City Council at this June 19, 2003 annual assessment public hearing.

Also attached to this staff summary report for the City Council's information is the FY2003/2004 list of property assessments by parcel and the breakdown of the City of Tempe's 2003/2004 assessment.

#### **FISCAL NOTE DETAIL:**

Base assessments of City owned property for fiscal year 2003/2004 have increased significantly from \$184,553.77 in the current year to \$227,938.62 due primarily to the change in the assessment formula and the finalization of the Brickyard. Private tenants of City property will pay \$129,067.28 of the assessment on City-owned property.

**RESOLUTION NO. 2003.30**

**RESOLUTION APPROVING THE FY2003-2004 ANNUAL ASSESSMENT AND PRIOR PROCEEDINGS FOR THE CITY OF TEMPE DOWNTOWN TEMPE ENHANCED SERVICES IMPROVEMENT DISTRICT; RULING ON OBJECTIONS; APPROVING THE FIVE-YEAR CONTINUATION OF THE DISTRICT; APPROVING A NEW DISTRICT MAP; APPROVING A NEW DISTRICT ASSESSMENT FORMULA MAKING CORRECTIONS; AND APPROVING A MODIFIED ASSESSMENT.**

**WHEREAS**, the Mayor and Council of the City of Tempe initiated an improvement known as City of Tempe Downtown Tempe Enhanced Services Improvement District (the "District") by the adoption of Resolution No. 93.35 (the "Resolution of Intention"); and

**WHEREAS**, the Mayor and Council of the City of Tempe approved the continuation of the District for a second five year term by the adoption of Resolution No. 98.68 (the "Resolution of Continuation"); and

**WHEREAS**, it is intent of the Mayor and Council of the City of Tempe to approve the continuation of the District for an additional five years; to approve a new District boundary map, attached hereto as Exhibit "A"; and approve a new District Assessment formula; and

**WHEREAS**, the Mayor and Council made a statement and estimate of the expenses of the District for the fiscal year commencing July 1, 2003 and ending June 30, 2004 and completed the assessment of the total sum upon the several lots within the District; and

**WHEREAS**, pursuant to the Resolutions of Intention and Continuation the owners of property within the District could file protests to the continuation of the District; and

**WHEREAS**, May 8, 2003 was set as the date for hearing the assessment and all prior proceedings relating thereto and on any protests to the continuation of the District; and

**WHEREAS**, notice of such hearing was given by publication for five days in the East Valley Tribune, a daily newspaper of general circulation in the City, and by mailing notices of the hearing by first class mail, at least 20 days prior to the date set for hearing, to all persons owning real property affected by the Assessment as the names and addresses appear on the last assessment roll for state and county purposes; and

**WHEREAS**, no written objections to the assessment and no protests to continuation of the District have been filed with the City Clerk; and the Mayor and Council provided an opportunity to hear each and every objection and protest and no such objections or protests were presented; and

**WHEREAS**, the Superintendent of Streets, or his designee, has recommended certain corrections to the assessment and has presented a corrected Annual Assessment to the Mayor and Council; and

**WHEREAS**, it appears that, after such corrections, the total sum of the estimated expenses of said District have been assessed upon each of the several lots within the District, in proportion to the benefits to be received by each of said lots and that none of the respective lots have been assessed in excess of the benefits to be received from said improvements by such respective lots; and

**WHEREAS**, said Assessment in all respects complies with the laws providing for such Assessments and under which said District was created; and

**WHEREAS**, insufficient protests were filed to prevent the continuation of the District and the District shall continue;

**NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF TEMPE, ARIZONA, AS FOLLOWS:**

**Section 1.** No objections were filed against the FY2003-2004 Annual Assessment and the prior proceedings.

**Section 2.** The corrections to the FY2003-2004 Annual Assessment as recommended by the Superintendent of Streets are hereby approved.

**Section 3.** The FY2003-2004 Annual Assessment for Downtown Tempe Enhanced Services Improvement District, as so made and corrected as aforesaid together with all prior proceedings related thereto be and the same are hereby fully and finally confirmed and approved.

**Section 4.** No protests were filed against the five-year continuation of the District and the District will continue from July 1, 2003 through June 30, 2008. The property owners will have an opportunity again in 5 years to protest the continuation, should such continuation be proposed. No protests were filed against the new District map and new assessment formula and the same are hereby fully and finally confirmed and approved.

**Section 5.** All acts of the Clerk, the Superintendent of Streets and any person acting for such officials in setting the date for the hearing on the assessment and protests and causing notice thereof to be mailed and published is hereby ratified and confirmed.

**PASSED AND ADOPTED** by the Mayor and Council of the City of Tempe, Arizona, on \_\_\_\_\_, 2003.

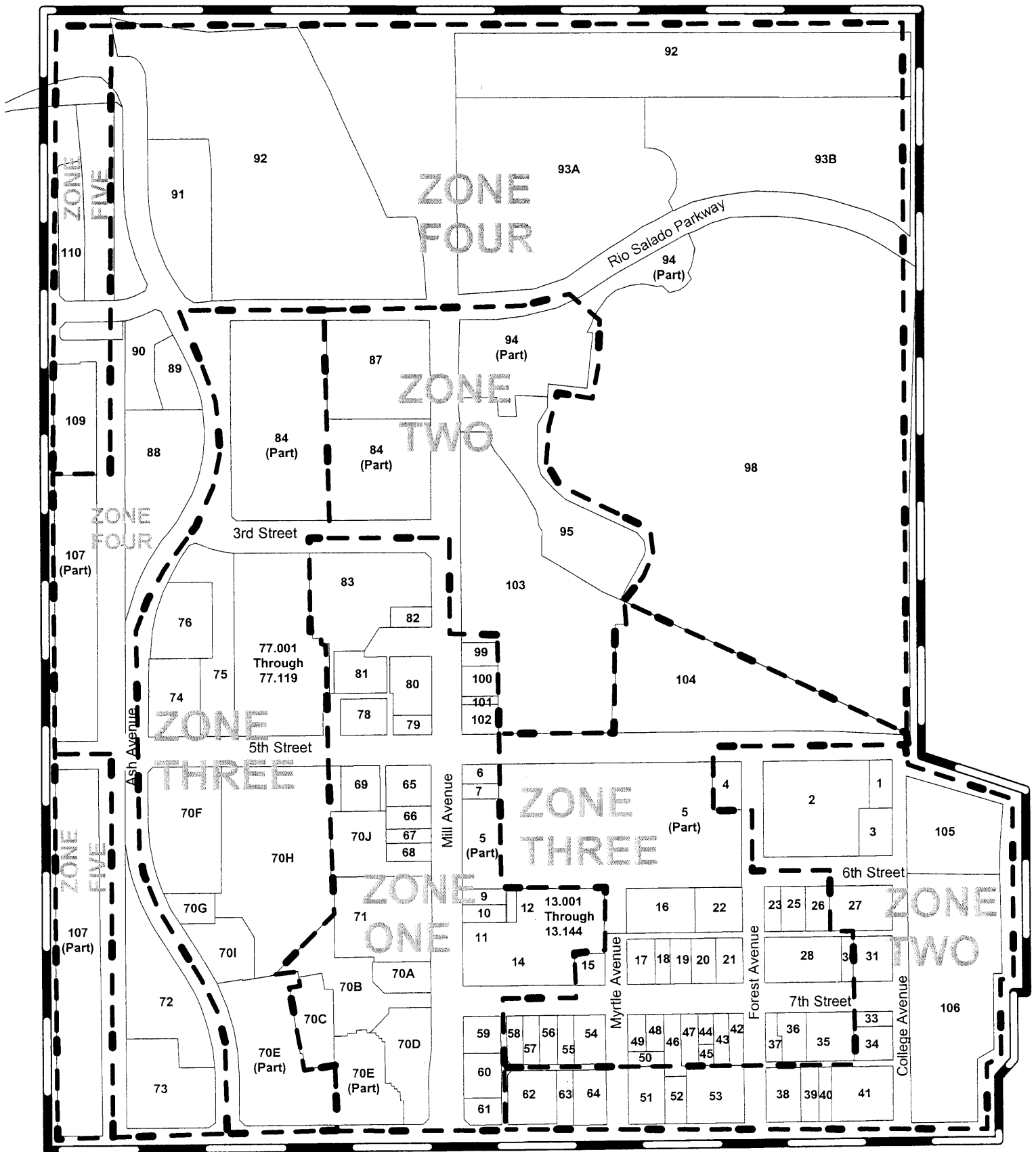
\_\_\_\_\_  
Mayor




**ATTEST:**

\_\_\_\_\_  
City Clerk

**Approved as to form:**

\_\_\_\_\_  
City Attorney



 District Boundary
  Zone Boundary
  1 Assessment Parcel Number

## Downtown Tempe Enhanced Services District



# Downtown Tempe Enhanced Services District

Assessment Parcel Number	Parcel Size	Building Square Feet	Total Assessment
1	11,925	18,485	\$2,250.57
2	101,745	215,825	\$0.00
3	17,545	7,650	\$1,707.02
4	15,280	2,655	\$1,062.55
5(part)	324,500	92,315	\$18,343.97
5(part)	36,200	50,997	\$7,204.85
6	7,475	24,061	\$4,045.64
7	7,677	6,160	\$1,293.05
9	7,680	7,376	\$1,416.64
10	8,925	8,925	\$1,929.27
11	128,241	233,070	\$42,819.38
11	128,241	19,600	\$2,254.00
11	128,241	22,415	\$3,474.34
12	128,241	31,198	\$2,875.54
13.001-13.144	128,241	127,866	\$0.00
14	128,241	235,203	\$6,412.05
15	12,000	3,787	\$776.57
16	28,748	21,154	\$0.00
17	13,995	NA	\$0.00
18	7,500	3,500	\$662.50
19	10,500	1,326	\$540.42
20	12,000	1,400	\$514.00
21	13,500	2,400	\$669.00
22	28,748	3,414	\$0.00
23	8,250	NA	\$0.00
25	12,000	NA	\$0.00
26	12,000	3,618	\$525.00
27	31,500	NA	\$0.00
28	38,250	NA	\$0.00
30	6,000	900	\$0.00
31	19,500	2,200	\$0.00

<b>Assessment Parcel Number</b>	<b>Parcel Size</b>	<b>Building Square Feet</b>	<b>Total Assessment</b>
33	7,163	6,000	\$1,131.52
34	14,287	7,300	\$1,604.48
35	26,400	NA	\$792.00
36	14,280	8,146	\$1,243.00
37	7,995	6,650	\$1,115.35
38	20,815	5,321	\$1,578.44
39	10,860	1,200	\$638.40
40	7,783	1,200	\$515.32
41	37,467	21,970	\$0.00
42	8,750	6,075	\$1,050.75
43	8,750	NA	\$175.00
44	5,150	800	\$258.50
45	3,600	NA	\$180.00
46	9,902	NA	\$495.10
47	12,406	800	\$476.18
48	7,509	1,842	\$0.00
49	7,511	1,292	\$298.68
50	6,006	NA	\$222.18
51	22,945	2,800	\$1,393.80
52	12,526	1,475	\$751.79
53	36,596	14,800	\$3,565.00
54	17,325	10,215	\$999.75
55	9,075	3,262	\$615.07
56	9,900	1,808	\$385.00
57	9,075	1,307	\$0.00
58	8,968	3,000	\$689.04
59	15,625	5,570	\$1,647.87
60	19,375	2,800	\$1,444.75
61	10,340	7,595	\$1,743.35
62	28,970	22,001	\$3,175.39
63	9,955	3,500	\$888.20
64	19,910	7,250	\$0.00
65	20,409	8,000	\$0.00
66	11,250	8,314	\$1,578.46

<b>Assessment Parcel Number</b>	<b>Parcel Size</b>	<b>Building Square Feet</b>	<b>Total Assessment</b>
67	7,491	10,377	\$1,505.33
68	8,692	NA	\$1,341.00
69	19,516	19,516	\$2,492.30
70A	19,274	12,812	\$2,975.48
70B	72,381	NA	\$3,619.05
70C	31,668	44,631	\$7,610.41
70D	52,600	49,208	\$9,281.11
70Epart	58,180	154,837	\$15,948.68
70Epart	134,413	154,837	\$15,948.68
70F	96,665	160,000	\$7,699.95
70G	18,710	1,400	\$715.30
70H	208,547	NA	\$6,256.41
70I	35,305	18,000	\$2,139.15
70J	47,480	7,000	\$3,564.00
71	89,170	98,750	\$14,313.39
72	94,231	304,443	\$6,088.86
73	68,853	15,645	\$3,567.36
74	37,548	15,033	\$3,662.13
75	158,506	NA	\$4,755.18
76	50,538	50,538	\$1,516.14
77.001-77.119			\$0.00
78	18,637	10,001	\$1,976.94
79	6,090	18,909	\$3,101.33
80	27,439	33,786	\$5,931.65
81	32,115	3,120	\$2,389.70
82	9,755	18,797	\$2,507.68
83	105,401	101,819	\$15,564.25
84(part)	211,472	221,517	\$31,738.15
84(part)	57,200	NA	\$2,288.00
87	113,200	20,666	\$9,182.42
88	109,236	10,303	\$3,936.23
89	27,280	9,824	\$1,626.24
90	49,291	14,472	\$2,387.66
91	98,079	10,988	\$3,170.26



<b>Assessment Parcel Number</b>	<b>Parcel Size</b>	<b>Building Square Feet</b>	<b>Total Assessment</b>
92	511,551	NA	\$10,231.02
93A	407,927	395,500	\$35,674.50
93B	332,167	NA	\$6,643.34
94(Part)	122,350	42,030	\$8,144.40
94(Part)	35,750	NA	\$1,072.50
95	130,800	NA	\$5,232.00
98	1,419,239	NA	\$28,384.78
99	9,375	8,675	\$1,585.50
100	12,500	16,112	\$3,079.87
101	3,396	1,820	\$370.00
102	12,354	7,728	\$1,483.33
103	335,471	232,725	\$27,224.84
104	242,713	181,569	\$18,833.48
105	46,640	15,000	\$0.00
106	64,000	NA	\$0.00
107(Part)	179,100	20,000	\$0.00
107(Part)	123,800	NA	\$3,714.00
109	59,677	42,444	\$0.00
110	47,219	NA	

## **EXHIBIT “A” (CONTINUED)**

### **Legal Description**

That portion of the West one-half of Section 15, Township 1 North, Range 4 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, being more particularly described as follows:

Beginning at a point which is the intersection of the West right-of-way line of South Farmer Avenue and the centerline of West University Drive in Tempe; thence Easterly along said centerline of West University Drive, transitioning into the centerline of East University Drive, a distance of 3250 feet to a point 350 feet East of the East right-of-way line of South College Avenue; thence, Northerly along a line that is parallel and 350 feet East of the East right-of-way line of said South College Avenue, a distance of 1115 feet, to the intersection of said parallel line with the North right-of-way line of East Fifth Street; thence, Northwesterly along said North right-of-way line to its intersection with the centerline of South College Avenue; thence, North along a Northerly extension of the centerline of South College Avenue, a distance of 2210.13 feet; thence, West a distance of 2859.53 feet to a point on the Northerly extension of the West right-of-way line of South Farmer Avenue; thence, Southerly, along said extension of the West right-of-way line and continuing Southerly along the West right-of-way line of South Farmer Avenue, a distance of 3577.76 feet to the point of beginning.

Said district containing 245.72 acres, more or less.

**2003/2004**

**DOWNTOWN TEMPE COMMUNITY INC.**  
**ENHANCED SERVICES DISTRICT ASSESSMENT**

**BREAKDOWN FOR CITY OF TEMPE**  
**PROPERTY**

**CITY USE PARCELS**

<b><u>USE</u></b>	<b><u>ASSESSMENT</u></b>
1. CITY HALL COMPLEX	\$22,982.70
2. ORCHID HOUSE CITY OFFICE SPACE	\$2,776.60
3. B.B. MOUER HOUSE	\$776.57
4. DOWNTOWN FIRE STATION SITE	\$2,139.15
5. HACKETT HOUSE	\$2,389.70
6. TEMPE BEACH PARK	\$10,231.02
7. VAC. LAND HAYDEN FERRY LAKESIDE	\$6,643.34
8. HAYDEN BUTTE PARK	\$28,384.78
9. FARMER AVENUE PARKING	\$3,714.00
10. POLICE/COURTS COMPLEX	<u>\$18,833.48</u>
<b>SUBTOTAL:</b>	<b>\$98,871.34</b>

**CITY-OWNED/TENANT OCCUPIED**

1. LAIRD BUILDING GPLET LEASEBACK	\$4,045.64
2. HARKINS VALLEY ART GPLET LEASEBACK	\$1,293.05
3. BIG FAT GREEK RESAURANT TENANT LEASE	\$602.50
4. URBAN OUTFITTERS TENANT LEASE	\$1,963.62
5. BRICKYARD GPLET LEASEBACK	\$31,474.90
6. BRICKYARD PARKING GPLET LEASEBACK	\$11,760.15
7. BROWN/STRONG/REEVES HOUSE	\$715.30
8. HARKINS / CENTERPOINT GPLET LEASEBACK	\$7,610.41
9. HAYDEN SQUARE PARKING ASSOCIATION	\$4,755.18
10. AMERICA WEST AIRLINES GPLET LEASEBACK	\$31,738.15
11. HAYDEN FERRY LAKESIDE GPLET LEASEBACK	<u>\$35,674.50</u>
<b>SUBTOTAL:</b>	<b>\$129,067.28</b>
<b>GRAND TOTAL:</b>	<b>\$227,938.62</b>

April,2, 2003

All Downtown Tempe Community Assessment Paying Members  
Property Owners, Business Owners and In-Lieu Agreements

Dear Member,

The Downtown Tempe Community, Inc.(DTC), was formed by you and your business neighbors, the downtown Tempe stakeholders, to manage downtown Tempe. DTC places an emphasis on design, planning, promotions, marketing, public safety, business development, and parking management, to increase the value of downtown Tempe businesses and property, and expand its use by our markets in the region. The DTC has also served as the voice of downtown Tempe, advocating our interests to the city and state governments and positioning our business district with the media and the community.

The Downtown Tempe Enhanced Municipal Services District was formed in 1993 to serve this effort. The assessment formula was devised so that there would be an equitable distribution of the costs of managing downtown Tempe. From the coffee house and small office that pay less than \$12 per year, to **JP Morgan Chase & Company, America West Airlines, Brickyard VT, LLC, Tempe Mission Palms Hotel, Hayden Ferry Lakeside, the City of Tempe and Arizona State University** who pay more than 70% of the total assessment, the formula provides "membership" to all businesses and organizations in the district.

The DTC Enhanced Services District is important, not just as a business improvement district or for improved downtown management. It's important because all of Tempe benefits from a strong downtown. The DTC is a key component in the downtown's continued growth and prosperity. We all want a city where property values increase, employment opportunities expand, top quality corporations are attracted and retained, more owners occupy and invest in the housing stock and the quality of life is great. We all want a city center that we are proud of. The DTC continues to be firmly committed to this effort.

Over the past decade, downtown business improvement districts have become important organizations in the urban revival of American cities. From Tampa to Seattle, Boston to San Diego, 1500 or more business improvement district organizations like the DTC work every day to make sure downtowns are clean, safe, attract customers and plan for the future. Our most competitive neighbors, downtown Phoenix and downtown Scottsdale, have in place business improvement districts that improve their ability to compete with us. The DTC exists to improve downtown Tempe, to make us more competitive commercially and more attractive as the civic center of our community.

The DTC has and will continue to have an "attitude of service" to the downtown. We are seeking every opportunity to grow the downtown economy, increase your property values, and to assist individual businesses with their goals. As a Downtown Tempe Stakeholder, you will have a return on the investment you have made in the DTC. We are committed to that return, and welcome your input on the future direction of the DTC and the downtown. You can learn more about the DTC at [www.downtowntempe.com](http://www.downtowntempe.com), or contact me at 480-921-2300x1, or [rod@downtowntempe.com](mailto:rod@downtowntempe.com).

Sincerely, on behalf of the DTC Board of Directors,

Rod Keeling, Executive Director

Downtown Tempe Community, Inc.  
660 South Mill Avenue, Suite 150  
Tempe, Arizona 85281  
480-921-2300  
480-968-7882 facsimile  
480-894-1800 parking hotline

## **Executive Summary**

March 2003

The Downtown Tempe Community, Inc., is funded primarily through the downtown Tempe Enhanced Municipal Services District. This is an instrument that, under Arizona Revised Statutes, Title 48-575, allows property owner groups, working with city government in Arizona, to form special property assessment districts to fund downtown management, planning, promotions and enhanced services. These districts are also known as “business improvement districts”. There are currently 5 districts in Arizona; Tucson, Mesa, Phoenix, Scottsdale and Tempe.

According to the International Downtown Association, there are more than 1500 business improvement districts in the United States. Most business improvement districts have limited terms that must be renewed or continued by city officials and property owners upon an evaluation of the district’s accomplishments and effectiveness.

The District Continuation and Organization Report includes three sections: first, an evaluation of the Downtown Tempe Community, Inc.; second, the proposed budgets and strategic plan for the next five years; and third, required information needed to continue the district.

**Section One** demonstrates in detail how the Downtown Tempe Community has been an effective downtown management and services organization, and why the Downtown Tempe Enhanced Municipal Services District should be continued for an additional five year-term. Fundamentally, the DTC has accomplished many, if not most, of the objectives set for the organization in 1993. The downtown is a safer place, the economy has grown substantially, the quality of the public and private spaces has been dramatically improved, a new image has been crafted and the status of downtown Tempe as Arizona’s best city center has been clearly established.

Most of all, the DTC has given the downtown a strong, unified voice at City Hall. The 25 voting, representative, board members, the five community advisory members and the nearly 50 committee members demonstrate to the City Council that the DTC is a broadly-based community advocate for downtown issues. When the DTC conducts an open process to establish a position on an issue, it is a position representative of a consensus of downtown interests.

**Section Two** includes the strategic objectives the DTC will undertake over the next five years and how the money collected by the assessment district, leveraged with other funds, will be spent. This section includes the projected budgets that is representative of the services and projects the DTC will undertake.

**Section Three** are the documents required to renew the district including a property parcel map of the district, a legal description, an explanation of the new assessment formula with examples, commonly asked questions and answers, and a listing of all properties and their projected assessments. A detailed spread sheet of assessments by tenants is available upon request.

**Changes and Highlights of the Continuation Proposal:**

- The expansion of the District to include properties on the East side of College Avenue and West of the Union Pacific line to Farmer Avenue. This expansion overlays the area of the downtown's official redevelopment district.
- The addition of three new zones in order to equitably distribute DTC assessments to those most benefited by DTC services.
- Changes in district assessment rates for the first time since 1993. These new rates will raise more money, approximately 70% of which will be dedicated to marketing and advertising the downtown. The balance will go to cover increases in the costs of managing the district. The new rates also go further in more equitably distributing the costs of the DTC programs to those that most benefit.
- The District is being renewed a year early, to use the increase in revenues to promote and market the downtown in this difficult economy and competitive marketplace.

The DTC has exceeded the expectations set at its beginnings, has accomplished much of its mission and has instituted on-going services that are needed for the downtown to remain competitive, attract investment and improve property values. In other words, it's efforts have been successful. This downtown business improvement district deserves to be continued for an additional five-year term. A term where the DTC will strive to make the downtown more competitive and better position ourselves in the regional marketplace

Ken McKenzie, President  
Downtown Tempe Community

General Manager  
Tempe Mission Palms Hotel

# **Downtown Tempe Community, Inc.**

## **Table of Contents**

Introduction

Executive Summary.....

Table of Contents.....

**Section One** Mission Statement..... 1

History and Overview..... 1

Board of Directors and Staff..... 3

Accomplishments and Services..... 4

Financial Reports..... 8

**Section Two** Strategic Plan for the DTC..... 12

Budgets..... 15

**Section Three** Map of the District..... 17

Legal Description..... 18

Assessment Formula..... 19

Questions and Answers..... 25

Assessments..... 30

---



## District Renewal and Organization Report

Downtown Tempe Community, Inc.

### **Mission Statement**

The Downtown Tempe Community, Inc. is a private, non-profit organization that works in partnership with the City of Tempe to increase the value of downtown Tempe through enhanced management and promotional services on behalf of DTC members and other downtown stakeholders.

### **History and Overview**

Local business and property owners, working with The City of Tempe, created the DTC in 1993 in response to a growing, dynamic downtown economy and environment. The purpose of the new organization was to provide enhanced management and promotional services to the district.

During the 1970s, the City of Tempe made a firm commitment to redevelop and improve downtown Tempe. These improvements brought an increase in economic activity, boosting both pedestrian and vehicular traffic. In the late 1980s, with all downtown Tempe's success, came concerns regarding public safety, the availability of parking, and the promotion and marketing of downtown Tempe.

At the time, the City lacked the necessary resources to resolve these concerns and wanted the private sector to share the burden to manage the downtown area. The private business and property owners knew that a unified voice at City Hall would help focus the community's attention on the downtown as the city's civic and commercial center. The private sector also knew that the City could not promote and market the downtown like a private organization could. The creation of a business improvement district was agreed upon and a new organization, the Downtown Tempe Community, was created to manage the new district.

The DTC started operations in January 1994, provides enhanced management and promotion to downtown businesses and property owners, and acts as their representative and voice.

The DTC has a full-time staff of six, and is presided over by an elected 25-member board of directors and 5 advisory directors, representing all stakeholders of the downtown community. Six active committees guide the activities of the organization, focusing on such issues as parking and traffic,

---

public safety, marketing, membership services, business development and design and planning.

The special assessment district that funds the DTC activities must be continued by the City of Tempe and the commercial property owners of the district every five years. This renewal is scheduled to take effect for the 2003-04 fiscal year. The assessment hearings are scheduled for May, 2003.

## **Board of Directors and Staff**

### **Officers/Directors**

President **Ken McKenzie**, *Northwest Business Owners* Tempe Mission Palms Hotel

Vice President **Stan Nicpon**, *Restaurant*, Uno's

Vice President **Mike Jennings**, *Retail*, Campus Corner

Treasurer **Darrin Sender**, *Ex-Officio*, Sender Associates

Past President **Paul Blanc**, *Ex-Officio*, Impressionmakers Printing

### **Committee Chairs/Directors**

**Stu Siefer**, Design and Planning, *Southwest Business Owners*, Siefer and Associates

**Paul Blanc**, Marketing and Promotions Committee, *Ex-Officio*, Impressionmakers Printing

**Mike Jennings**, Business Development Committee, *Retail*, Campus Corner

**Ross Robb**, Corporate Committee, *Bay State Milling*, Benton Robb Development Associates

**Stan Nicpon**, Parking Committee, *Restaurant*, Uno's

**Sid Joseph**, Safety Committee, *Southeast Business Owners*, Joseph Enterprises

### **Directors**

**Robert Aprahamian**, *Homeowners*, Hayden Square Condominiums

**Stan Nicpon**, *Restaurants*, Unos Pizzeria

**Michael Crow**, *Advisory*, President, Arizona State University

**Mike DeBell**, *Large Office*, DMB, Inc.

**Dave Fackler**, *City of Tempe*

**Neil Giuliano**, *Advisory*, Mayor, City of Tempe

**Dan Silashki**, *Chase Bankcard Services*

**Bret Giles**, *Northeast Businesses*, Sitewire

**Sid Joseph**, *Southeast Businesses*, Joseph Enterprises

**Roy Hoyt**, *Advisory*, Neighborhood Associations

**Vic Linoff**, *Southwest Property Owners*, Those Were the Days!

**John McDonald**, *Social Service Agencies*, Tempe Community Council

**Darwyn Harp**, *America West Airlines*, Hines

**Steve Miller**, *Arizona State University*

**Eddie Goitia**, *Northwest Business Owners*, Monti's Restaurant

**Ken McKenzie**, *Northeast Property Owners*, Tempe Mission Palms

**Stu Siefer**, *Southwest Business Owners*, Siefer and Associates

**Gil Schmidt**, *Retailers*, Arizona Shorts and Sports

---

**Grady Gammage**, *Southeast Property Owners*, Studio 5C  
**Gena Trimble**, *Advisory*, Papago Park Center  
**Gary Sanders**, *Advisory*, Mill Avenue Merchants Association

## **Staff**

**Rod Keeling**, Executive Director  
**Chris Wilson**, Operations and Deputy Director  
**Jason Malito**, Marketing Director  
**Vernon Hebert**, Communications Manager  
**Alma Corbiere**, Membership Services  
**Arnel Smith**, Personnel Manager

## **Accomplishments and Services**

*Fiscal Years 1999-2003 Downtown Tempe Community, Inc.*  
*The DTC began operations in January 1994.*

### **Advocating the Downtown's Interests**

One example of how the DTC has worked on behalf of the downtown stakeholders is the advocacy of downtown issues. The DTC's efforts to link the downtown to the Rio Salado Project were realized when the Rio Salado Parkway was realigned, intersecting with Mill Avenue along First Street. Tempe Beach Park was transformed from a place few would venture to a beautiful waterfront park, complete with thousands of visitors each week, visitors that make their way along Mill Avenue to shop and dine. Without the DTC's leadership in the planning stages over several years, the focus of the Town Lake could have been far from the downtown. In 2002, the DTC lead the way again with our 2002 Downtown Advancement Plan. This plan outlined 10 "little things that can make a big difference" for downtown Tempe. The DTC was successful in restoring on-street parking to Mill Avenue and 5<sup>th</sup> Street, allowing sidewalk cafes on Mill Avenue and elsewhere, reforming design standards for retail storefronts and many other simple changes designed to grow downtown Tempe from good to great.

### **Downtown Safety**

The DTC's efforts to reduce the homeless population in Tempe have been effective. The Homeless Outreach Program and advocacy for police intervention using the "*Broken Windows*" approach has been a one-two punch that helps the homeless without attracting a larger population of homeless. Participation with the Tempe Community Council's Homeless Task Force gave us a voice in the future decisions about homeless issues in Tempe. Advocacy with the City has resulted

in new tools to deal with chronic abusers of the public space. Over the last term over 30% of your assessment dollars were dedicated to downtown safety, including the Ambassador Program and Homeless Outreach.

### **Public Access and Parking**

The DTC's management of public parking in downtown has led to the implementation of Phase 2 of the parking management plan. Phase 2, or what is now known as the "Downtown Tempe Parking Cooperative", provides universal validation throughout the district and gives customers two to four hours of free parking in downtown Tempe, good at any business or City office. In 2000, for the first time, the DTC managed the majority of the parking inventory. Through cooperative agreements, almost 1700 parking spaces are made available to the public, totally free and unrestricted until 4pm, every day. After 4pm, 84% of all parkers receive full validation from our businesses and park free. In 2002, the DTC installed 87 new on-street parking spaces on Mill Avenue and started the conversion of the multi-space meters to customer friendly single space meters.. The goal is to provide customers easy access to free parking while maximizing the use of every space. In 2003 we will complete the implementation of ***ParkIt***, a program designed to make "invisible" parking "visible" through a wayfinder and garage branding project.

While the DTC works every day to provide a better parking environment for your customers, in 2002, the DTC was successful in asking the City to allow the DTC to review all new downtown developments, to determine if that new project's future supply will satisfy the future demand. This is a critical step in the effort to ensure sustainable access to downtown Tempe in the future, as the district continues to intensify and the density of development increases. All of the parking services are self-funding, no assessment dollars are spent on parking management in downtown Tempe. In fact, the parking operation pays its share of DTC overhead and administrative costs, leveraging assessment dollars for the benefit of the assessment payers.

### **Marketing and Communications**

The DTC publishes *The Downtowner* and distributes our newspaper to 18,000 downtown employees and Tempe residents every month. The website, [www.downtowntempe.com](http://www.downtowntempe.com), provides every business with a free link to their website and arts and entertainment information to visitors. Every month, [downtowntempe.com](http://downtowntempe.com) has welcomed up to 20,000 visitors to learn about the downtown and the DTC. DTC Gift Certificates have

boosted the sales of downtown businesses, again at no cost to members. This year 200,000 copies of the Downtown's primary brochure, *Downtown Tempe Guide*, will be distributed in over 400 hospitality and corporate locations in the region, all three terminals at Sky Harbor Airport, and at over 200 locations throughout the downtown. The DTC has spent over 1/3 of your assessment dollars on marketing, communications and business development.

Since 1999, the DTC has joined with the **Tempe Convention and Visitor's Bureau**, the **Tempe Chamber of Commerce**, **Mill Avenue Merchants Association**, **City of Tempe** and **Arizona State University** as part of the *Tempe Coalition*. This coalition, with DTC's leadership, has developed a city branding campaign for Tempe. The brand *Tempe, More to Explore*, has been launched in a series of events, promotions and marketing media. City branding seeks to position Tempe in the marketplace as a top-of-mind destination for visitors and residents. The DTC has leveraged our assessment dollars with the funds of our coalition partners to "burn-in" our new city brand and improve downtown's market recognition.

### **Business Development and Planning for the Future**

In 1999, The DTC, working with the City, was able to retain the national headquarters for **America West Airlines** and 700 downtown office workers. The construction of the new AWA home left over 150,000 square feet of vacant office space at Centerpoint and Hayden Square. The DTC, working with its City and industry partners, identified downtown Tempe as Arizona's *Tech Oasis*. As part of the *Tech Oasis*, the DTC has hosted monthly *Techie Tuesdays* social mixers, which have showcased **Mill Avenue Beer Company**, **Owl's Nest**, **Harry's Place at the Mission Palms Hotel**, **Beeloe's** and **The Bash on Ash** to thousands of tech industry people. This business attraction plan has spurred terrific interest in our office space and has helped to fill much of that space already. Currently, two new office buildings are seeking tenants. **Hayden Ferry Lakeside** and the **Brickyard on Mill** are seeking businesses to fill over 200,000 square feet of class A+ office and commercial space. The DTC, working with the City's Economic Development office, has assisted these projects in identifying prospective office and retail users.

**Financial Reports**  
**Downtown Tempe Community, Inc.**  
**Financial Statements Summary**  
**Fiscal Years 93/94—97/98**

<b>Account</b>	<b>FY93/94</b>	<b>FY94/95</b>	<b>FY95/96</b>	<b>FY96/97</b>	<b>FY97/98</b>	<b>5 Year Totals</b>
<b><u>Cash Receipts</u></b>	\$238,419	\$421,295	\$321,458	\$297,878	\$335,430	\$1,614,480
Programs	\$24,678	\$192,423	\$200,408	\$159,665	\$208,671	\$785,845
Payroll and Administrative	\$74,559	\$147,367	\$163,703	\$180,135	\$134,515	\$700,279
<b><u>Total Costs</u></b>	<b><u>\$99,237</u></b>	<b><u>\$339,790</u></b>	<b><u>\$364,111</u></b>	<b><u>\$339,801</u></b>	<b><u>\$343,186</u></b>	<b><u>\$1,486,124</u></b>
<b><u>Ending Balance</u></b>	<b><u>\$139,183</u></b>	<b><u>\$220,687</u></b>	<b><u>\$178,035</u></b>	<b><u>\$136,112</u></b>	<b><u>\$128,356</u></b>	<b><u>\$128,356</u></b>

**Financial Statements Summary**  
**Fiscal Years 1999—2003**

<b>Account</b>	<b>1999</b>	<b>FY2000</b>	<b>FY2001</b>	<b>FY2002</b>	<b>4 Year Totals</b>
<b><u>Cash Receipts</u></b>	\$353,619	\$440,182	\$417,918	\$434,429	\$1,646,148
Programs	\$201,967	\$260,372	\$289,545	\$308,644	\$1,060,528
Payroll and Administrative	\$138,135	\$167,655	\$138,221	\$102,529	\$546,540
<b><u>Total Costs</u></b>	<b><u>\$340,102</u></b>	<b><u>\$428,027</u></b>	<b><u>\$427,766</u></b>	<b><u>\$411,173</u></b>	<b><u>\$1,607,068</u></b>
<b><u>Ending Balance</u></b>	<b><u>\$141,873</u></b>	<b><u>\$154,028</u></b>	<b><u>\$144,180</u></b>	<b><u>\$167,436</u></b>	<b><u>\$167,436</u></b>



**Downtown Tempe Community, Inc./City of Tempe  
Parking Operations Financial Summary(Cash Basis)  
FY1997-FY2002**

	<b>FY97</b>	<b>FY98</b>	<b>FY99</b>	<b>FY00</b>	<b>FY01</b>	<b>FY02</b>
Event Revenue	51,062.46	74,017.10	89,075.85	150,901.99	47,112.15	51,396.01
Meter Revenue	236,632.38	537,175.28	567,655.89	473,386.84	476,937.48	474,700.97
Hangtag Revenue	0	6,208.80	5,695.00	3,058.55	5,646.50	3,929.90
Interest Income			1,995.01	601.60	81.70	.00
City Lot Income			15,065.00	56,993.36	106,067.62	55,611.53
Mgmt. Fees				10,584.58	25,864.64	30,884.03
<b>Total Revenue</b>	<b><u>\$287,694.84</u></b>	<b><u>\$617,401.18</u></b>	<b><u>\$679,486.75</u></b>	<b><u>\$695,526.93</u></b>	<b><u>\$661,710.09</u></b>	<b><u>\$616,524.33</u></b>
Oper. Expenses	153,186.53	334,640.34	363,954.61	462,518.97	230,486.55	311,416.62
Enforcement	118,224.00	141,994.00	42,320.71	84,213.72	68,677.53	24,175.39
Paid to City						
Capital Start-up	0	64,350.00	141,512.93	26,203.21	0	0
Returned to City						
Administrative	17,293.69	71,293.27	139,901.99	144,122.67	283,096.55	195,062.04
and Mgmt.						
City Lot Expense				49,195.22	57,259.77	40,262.78
<b>Total Expenses</b>	<b><u>\$288,704.22</u></b>	<b><u>\$612,277.61</u></b>	<b><u>\$687,690.24</u></b>	<b><u>\$766,253.79</u></b>	<b><u>\$639,520.40</u></b>	<b><u>\$570,916.83</u></b>
<b>Excess Revenue</b>	<b><u>-1,009.38</u></b>	<b><u>+5,123.57</u></b>	<b><u>-8,203.49</u></b>	<b><u>-70,726.86</u></b>	<b><u>22,189.69</u></b>	<b><u>45,607.50</u></b>

*Notes:*

- The Parking Operation is accounted for completely separate from the DTC Enhanced Services Operation. The Parking Program pays the DTC for a portion of the administrative overhead and for the payroll costs of parking employees who work for the DTC. Certain employees payroll costs are shared between the DTC and the Parking Operation on ratios that reflect assignments.*

---

## District Continuation and Organization Report

### **Strategic Plan for the DTC**

#### ***Organize the downtown community and advocate its interests.***

The Downtown Tempe Community is an organization of commercial and civic stakeholders of downtown Tempe. Officially recognized for this role by the City of Tempe and Arizona State University, it's responsibility is to serve as a forum for the development of a "consensus of ideas" of the stakeholders and to advocate that consensus. In the future, the Downtown Tempe Community will assume an important role with our independent partners in the Rio Salado, Papago Park Center, Papago Salado Association, north Tempe neighborhoods and others, that will define the downtown as a center of quality development in the metropolitan region.

#### ***Help make the downtown a safer place.***

Working with the City of Tempe's Public Works Department, Police Department and City Attorney, the DTC seeks to create the reality and meet the expectation of safety for all of citizens. Through the Downtown Ambassador Program and private security contractor, the DTC serves as crowd watchers and crime reporters for the police. The DTC works with the City through a baseline services agreement to ensure that the maintenance and care of the physical place is conducive to safety. Planning with the City Attorney, the DTC seeks ordinances that advance the "Fixing Broken Windows" strategy of order and civility in the public space. Working with private property owners, the DTC seeks cooperation on interdependent security issues. The Downtown Tempe Community will work with our partners and independently to address issues of safety in the downtown.

#### ***Work to develop excellent and convenient access to the downtown.***

The Downtown Tempe Community will continue to work with its partners within the City of Tempe, Arizona State University, ADOT and the Maricopa Association of Governments to develop the downtown as a pedestrian-dominated regional transportation center. Working towards improved city-wide and regional bus transit service, local circulators like the FLASH service and its extensions, and improved automobile access and information systems. The DTC will assist in the planning of a local and regional light-rail system

---

that will center in downtown Tempe. The Downtown Tempe Community, with the City of Tempe partner, will take the leadership role in the effective management and development of parking. We will work to ensure there is adequate, accessible, universally-validated public parking throughout the downtown.

***Be a leader in the growth of the downtown economy.***

The Downtown Tempe Community envisions a future development strategy that strengthens downtown Tempe and our surrounding environment's employment base, residential opportunities, arts and cultural offerings, hospitality and convention facilities, and reputation as a location for corporate headquarters. This strategy will build an independent downtown economy that is less vulnerable to the economic cycle, outside competitors and other events. The Downtown Tempe Community will continue to seek out unique retailers, restaurants and other businesses to differentiate ourselves from other destinations in the metropolitan region.

***Create and market an image for the downtown.***

The Downtown Tempe Community is responsible for articulating a positive image with an incredible collection of unique assets that define downtown Tempe. In the short term, we will continue to focus our marketing efforts on our "captured", or primary, customer markets consisting of ASU students, ASU faculty and staff, downtown workers, nearby residents and workers. The near future will have us focus on targeting niche markets within these captured markets, primarily at Rio Salado and at Papago Park Center. Working with the Mill Avenue Merchants Association, Fiesta Bowl, ASU and other event producers, we will use special events, sports and cultural activities to market the downtown to a regional audience. Working with our partners at the Tempe Convention and Visitors Bureau, we will support their efforts in marketing the downtown to the visitor and convention market.

***Plan for the future of the downtown.***

The Downtown Tempe Community will be supportive of our partners in planning for downtown Tempe and its surrounding environment. Advocating a quality, pedestrian-dominated urban design, we will seek out development that fits downtown Tempe. We will encourage higher density and vertical development that is compatible with the intimate human scale that defines our downtown, meets our self-sustaining economic goals, supports our transportation vision and has a unique balance of mixed uses.

**Budgets**  
**DTC Assessment District**  
**FY2003 to FY2004 Budget Comparison**

<b>Cash Receipts</b>	<b>FY2003</b>	<b>FY2004</b>
Private District Assessments	\$265,543	\$381,117
In-lieu Receipts, City, ASU, HOAs	60,171	\$107,924
Interest Income	1,000	\$ 1,000
Sponsorships and other earned income	70,600	\$ 70,600
Security Project Fund		52,000
<b>Total Cash Receipts</b>	<b><u>\$449,314</u></b>	<b><u>\$560,641</u></b>
<b>Programming Costs</b>		
Membership Activities	5,500	\$ 5,000
Downtown Promotions	162,354	\$226,500
Downtown Business Development	39,548	\$ 40,000
Design and Planning Activities	4,849	\$ 5,000
Downtown Operations, Security Services	115,235	\$136,500
Total Programming Costs	<u>\$321,986</u>	<u>\$413,000</u>
<b>Operating, General &amp; Administrative Expenses</b>		
Payroll, taxes and benefits,	\$59,684	\$ 73,511
Rent and Administrative	63,380	\$ 74,130
Operating Expense to Parking	(63,380)	(\$ 74,130)
Total Operating, General and Admin.	<u>123,064</u>	<u>\$147,641</u>
<b>Total Programming and Operating</b>	<b><u>\$445,050</u></b>	<b><u>\$560,641</u></b>

## **Projected Average Budgets Fiscal Years 2005/2008**

### **Projected Average Annual Budget, FY2005-FY2008**

#### **Cash Receipts**

Private District Assessments	\$390,000
In-Lieu City/ASU/Other	\$109,000
Interest Income	\$1,000
Grants, Sponsorships and Other Income	\$80,000
<b>Total Cash Receipts</b>	<b><u>\$580,000</u></b>

#### **Programming Costs**

Membership Activities	\$5,000
Downtown Promotions	\$240,000
Downtown Business Development	\$25,000
Design and Planning	\$5,000
Downtown Operations and Security	\$140,000
<b>Total Programming</b>	<b><u>\$415,000</u></b>

#### **Operating, General and Administrative**

Payroll Including Taxes and Benefits	\$85,000
Rent and Administrative	\$80,000
Operating Expenses Allocated to Parking	(\$80,000)
<b>Total Operating</b>	<b><u>\$165,000</u></b>
<b>Total Programming and Operating</b>	<b><u>\$580,000</u></b>

### **Projected Maximum Annual Assessments, FY2000-FY2004**

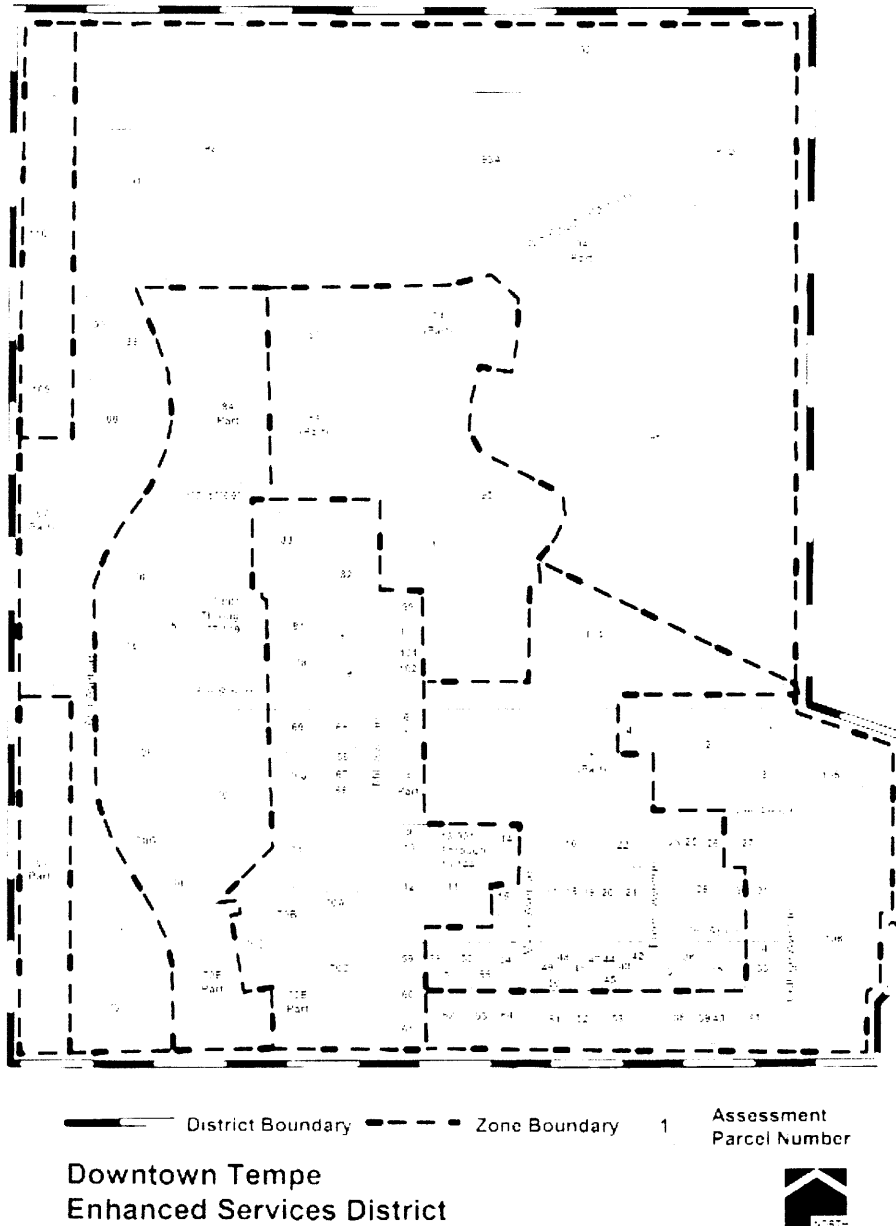
FY2004 (Not to Exceed)	\$400,000
FY2005 (Not to Exceed)	\$450,000
FY2006 (Not to Exceed)	\$500,000
FY 2007 (Not to Exceed)	\$550,000
FY2008 (Not to Exceed)	<u>\$600,000</u>

**Projected Maximum Five Year Total Assessments not to exceed**  
**\$2,500,000**

Section

3

## The Downtown Tempe Enhanced Municipal Services District Map of the District



### Legal Description

That portion of the West one-half of Section 15, Township 1 North, Range 4 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, being more particularly described as follows:

Beginning at a point which is the intersection of the West right-of-way line of South Farmer Avenue and the centerline of West University Drive in Tempe; thence Easterly along said centerline of West University Drive, transitioning into the centerline of East University Drive, a distance of 3250 feet to a point 350 feet East of the East right-of-way line of South College Avenue; thence, Northerly along a line that is parallel and 350 feet East of the East right-of-way line of said South College Avenue, a distance of 1115 feet, to the intersection of said parallel line with the North right-of-way line of East Fifth Street; thence, Northwesterly along said North right-of-way line to its intersection with the centerline of South College Avenue; thence, North along a Northerly extension of the centerline of South College Avenue, a distance of 2210.13 feet; thence, West a distance of 2859.53 feet to a point on the Northerly extension of the West right-of-way line of South Farmer Avenue; thence, Southerly, along said extension of the West right-of-way line and continuing Southerly along the West right-of-way line of South Farmer Avenue, a distance of 3577.76 feet to the point of beginning.

Said district containing 245.72 acres, more or less.

## **Assessment Formula**

The Downtown Tempe Community Board of Directors has adopted the following proposed assessment formula for the District based upon a unanimous approval of the present members after many hours of discussion and deliberation. The assessment rates reflect the first increase since the district was established in 1993. The principles underlying these deliberations were based on dealing fairly and equitably with all of the members of the downtown community, together with the understanding that the assessment will be augmented by revenues from other sources.

The proposed formula and parameters have been developed as follows:

1. The improvement district will be continued for five additional years with an evaluation and decision regarding its continued operation to be made at the end of four years.
2. The annual assessment rates will remain static during the five-year period – no rate increase will be permitted except in the case of vacant land that is developed or for uses that change.
3. The Restricted Security Fund has been eliminated.
4. There are no minimum or maximum assessment amounts set. Assessments range from less than \$15 per year to over \$60,000 per year.

The assessment rate structure is based upon three criteria:

- 1. Basic Land Rate, Zone 1,2,3,4 & 5**
- 2. Building Size, Floor 1, Floor 2, etc.**
- 3. Building Use Rate by Business Type**

These criteria provide several rate category combinations, allowing each property assessment to be individually calculated based upon its zone, building use and size characteristics and the relationships between these three criteria.

The three-rate formula will be applied to each parcel of assessable, non-exempt property and its building, if any, except in the case of hotels and apartments of five units or more which are charged on a unit basis. Additionally, no properties in Zone 5 will be assessed until such time as they are substantially developed. What constitutes “substantially developed” shall be determined by the DTC Board of Directors with consultation with the director of the City of Tempe Development Services Department. Existing single family residences and residential structures of four units or less are

---



exempt by state law and will not be assessed. Similarly, property owned by the federal, city, county and state governments is exempt by law from assessment. Finally, although religious institutions are not exempt by law, the DTC Board of Directors has determined that each such property be exempted from the assessment so long as the property is used for religious purposes.

All assessments for new developments within the district shall begin in the assessment year in which the development receives its building permit for Zones 1, 2 and 3; and in the assessment year in which the development receives its certificate of occupancy in Zones 4 and 5.

Because parking structures are a major benefit to all downtown businesses, the formula treats them uniquely. The formula provides that the parcel size of a parking structure be multiplied by the zone rate, with the addition of the total square feet of the parking structure, excluding the ground level, multiplied by the Zone Charge.

The basic rate assumes a level of overall benefits derived from being within the Downtown special improvement district; e.g., enhanced business development, liaison services, promotional assistance, increased cleanliness, property value increase, information provided, land planning, etc.

The basic rate reflects a general upgrading of the area which will affect all assessable property when the district is operational. The basic rate is then divided into five zones:

**A. Zone Rates:** There are five zones (refer to map) approved with annual zone rates as follows:

Zone 1 = \$.05 per square foot

Zone 2 = \$.04 per square foot

Zone 3 = \$.03 per square foot

Zone 4 = \$.02 per square foot

Zone 5 = \$.01 per square foot, after property is “substantially developed”

**B. Building Area:** The building area is the total number of all floors measured in square feet. Businesses on the first floor are assumed to have the advantage of increased accessibility and exposure to both pedestrian and vehicular traffic. Since each floor above (or below) the ground level has slightly less exposure, each floor is assessed at progressively less. This methodology assumes that all businesses located on the seventh floor or higher will not be assessed per square foot for their floor/size assessment ratio. The assessment per floor is as follows:

Basement	\$0.05 per Square Foot
1 <sup>st</sup> Floor	\$0.07 per Square Foot
2 <sup>nd</sup> Floor	\$0.05 per Square Foot
3 <sup>rd</sup> Floor	\$0.04 per Square Foot
4 <sup>th</sup> Floor	\$0.03 per Square Foot
5 <sup>th</sup> Floor	\$0.02 per Square Foot
6 <sup>th</sup> Floor	\$0.01 per Square Foot
7 <sup>th</sup> and above	\$0.00 per Square Foot

**C. Building Use Rate By Business Type:** One of the most important dimensions of this assessment formula is the building use rate categories. These building use criteria add a considerable amount of specificity and equity to the overall formula since they are tailored to each business' circumstance.

**Category 1, \$0.10 per square foot.** This building use type includes all restaurants and bars.

**Category 2, \$0.07 per square foot.** This building use type includes all retail businesses space, including commercial banks and theaters.

**Category 3, \$0.04 per square foot.** This building use type includes all office and service related businesses.

**Category 4, \$0.04 per square foot.** This building use type includes government offices and nonprofit organizations.

**Category 5, \$0.02 per square foot.** This building use type includes industrial businesses and warehouses.

**Category 6, \$30 per guest room.** This building use type includes all hotels and motels.

**Category 7, \$15 per unit.** This building use type includes all apartment complexes with over four units.

---

# **DTC Assessment Formula** **Comparison With Current Rates and Inflation**

	<b>FY1994-2003 Rates</b>	<b>1994-2004 CPI Increase</b>	<b>FY2004 Proposed Rates</b>
<b>Zone Charge</b>			
Zone One	.03	.0379	.05
Zone Two	.02	.0253	.04
Zone Three	N/A		.03
Zone Four			.02
Zone Five			No assessment until developed
<b>Use Charge</b>			
1 Restaurant	.06	.0756	.10
2 Retail	.04	.0505	.07
3 Office	.03	.0379	.04
4 Government	.02	.0253	.04
5 Industrial	.01	.0126	.02
6 Guest Rooms	\$25	31.59	\$30
7 Residential	\$12	15.16	\$15
8-Parking			Same as Zone Charge
<b>Floor Charge</b>			
1 <sup>st</sup> Floor	.06	.0758	.07
2 <sup>nd</sup> Floor and Basement	.04	.0505	.05
3 <sup>rd</sup> Floor	.03	.0379	.04
4 <sup>th</sup> Floor and Up	.02	.0253	.03
5 <sup>th</sup> Floor			.02
6 <sup>th</sup> Floor			.01
7 <sup>th</sup> Floor and Up			.00

## **Assessment Rate Examples:**

**Example 1:** A bank in zone 1 with 8,692 square feet of land; one single story building with 8,240 square feet.

### **Land Assessment:**

Step 1. Zone 1 land rate of \$0.05 X 8,692 sq. ft. = \$434.60

### **Building Assessment:**

Step 2. First floor building rate of \$0.07 X 8,240 sq. ft. = \$576.80

### **Building Use Type Assessment:**

Step 3. A bank fits into building use category number 2 and the rate is \$0.07. Therefore, the building size, of 8,240, is multiplied by 0.07. The result is \$576.80.

**Total assessment for example 1 is \$1,588.20**

**Example 2:** A business, in zone 2, has retail shops on the first and second floors and offices on the third and fourth floors. The four-story building consists of 100,000 square feet @ 25,000 square feet per floor and sits on 105,000 square feet of land.

Zone 2 Land Rate	=	\$0.04
First Floor Building Rate	=	\$0.07
Second Floor Building Rate	=	\$0.05
Third Floor Building Rate	=	\$0.04
Fourth Floor Building Rate	=	\$0.03
Building Use Rate, Category 2	=	\$0.07
Building Use Rate, Category 3	=	\$0.04

### **Land Assessment:**

Zone 2 Rate X Parcel Size = \$0.04 x 105,000

Total Land Assessment: \$4,200

### **Building Assessment:**

First Floor	=	\$0.07 X 25,000	=	\$1,750
Second Floor	=	\$0.05 X 25,000	=	\$1,250
Third Floor	=	\$0.04 X 25,000	=	\$1,000
Fourth Floor	=	\$0.03 X 25,000	=	\$ 750

Total Building Size Assessment: \$4,750

### **Building Use Type Assessment:**

First Floor	=	\$0.07 X 25,000	=	\$1,750
Second Floor	=	\$0.07 X 25,000	=	\$1,750
Third Floor	=	\$0.04 X 25,000	=	\$1,000
Fourth Floor	=	\$0.04 X 25,000	=	\$1,000

Total Building Use Type Assessment: \$5,500

**Total Assessment, Example 2: \$14,450**

### **Questions and Answers**

#### **1. Which other cities have similar organizations?**

It is estimated that there are over 1500 downtown enhancement districts throughout North America. Budgets range from several thousand to \$7 million dollars. The following is a short list of some of those cities:

<u>large cities</u>	<u>medium cities</u>	<u>small cities</u>
New York	Winnipeg	Allentown, PA
Philadelphia	Calgary	Burlington, VA
New Orleans	Hartford	Neenah, WI
Toronto	Fort Worth	Oak Park, IL
Denver	Tulsa	Eugene, OR
Portland	Charlotte	Bellingham, WA
Houston	Corpus Christi	Red Bank, NJ
Minneapolis	Lincoln	Cumberland, MD

**In Arizona: Phoenix, Tucson, Mesa, Scottsdale, Tempe**

#### **2. What does the State statute regarding Enhanced Municipal Service Districts say?**

The Arizona State Statutes allow for the creation of enhanced services districts to provide: "...public safety, fire protection, refuse collection, street or sidewalk cleaning or landscape maintenance in public areas, planning and promotion, transportation and public parking." (A.R.S. 48-575) The statute outlines the process through which the district can be created including setting the number of public hearings and notification requirements. The statute also requires that the assessment

be collected as part of the property taxes assessment by the County. The total amount of the assessment is then passed from the County to the City and, in turn, from the City to the Downtown Tempe Community Inc. There is a requirement that the City hold a public meeting to review expenses and individual assessments on a yearly basis.

**3. Can a business decide not to be a part of the district?**

Every property owner has the right to protest inclusion in the district and the legality of the assessment. Under the statutes that apply to improvement districts, if the City receives a legal protest from 51% of the property owners in the district, the district cannot be formed. Once the district has been approved by the City Council, all property in the district is assessed under the adopted formula.

**4. Why can't the City, Chamber, or Mill Avenue Merchants Association provide these services?**

In terms of the City, the most basic answer is that Tempe does not provide these types of services to any other part of the community. The City budget would require that an additional tax or charge be put on all citizens to pay for the increased level of services being discussed. The City does not believe all residents should be taxed to provide benefits to a select group of businesses. Regarding the Chamber of Commerce or Mill Avenue Merchants Association, neither group has the resources to undertake these activities, nor are these services part of the mission of either group.

**5. How can we be sure that the City will continue to provide the same level of public services once the district is created?**

The Mayor and City Council fully endorse the concept of an enhanced services district for Downtown Tempe and have committed to maintaining the current level of regular City services (police protection, street sweeping, garbage collection, landscape maintenance, etc.) unless cuts in service are made Citywide. These current “baseline” levels of services have been quantified and agreed to, in writing, through a contract between the City Council and the DTC.

**6. How will a downtown member’s voice be heard if not a board member?**

It is the goal of the DTC to encourage the greatest amount of participation possible. It is the responsibility of the Executive Director, as well as every board member, to hear everyone’s concerns. Surveys, one-on-one meetings, phone calls, letters and six working committees that include non-board members have been used to find out what the community’s wants and needs are. In addition, the DTC. is managed by a 25-member broad-based Board of Directors that represent the numerous interests Downtown.

**7. Do landlords or tenants pay the assessment?**

Landlords (property owners) are the ones actually assessed since the assessment is collected as part of the property tax. It is assumed that most landlords pass the assessment to the individual tenants, but there is no legal requirement that they do so.

**8. Why are the rates for the assessment district increasing for 2004**

The DTC Board of Directors has determined that downtown Tempe needs additional marketing and promotion to be competitive in the regional marketplace. Nearly 70% of the increase is budgeted for that purpose. In addition, the rates have remained the same since 1993 and the costs of labor, rent, and other administrative costs have gone up in the last ten years. The remainder of the increase is to cover those costs so as to keep the DTC programs that directly benefit the downtown from being reduced.



**9. How will this help an office tenant?**

One of the main reasons Chase Bank decided to locate its new credit card processing center in Downtown Tempe is the overall quality environment the area provides for its employees. The diverse mix of businesses and services available to employees on their lunch hours, as well as the overall atmosphere, are powerful tools in employee recruitment and retention. There are probably many reasons why you chose to locate your office in Downtown Tempe – the prestige of a Downtown Tempe address, the ambiance, the abundance of establishments you can walk to for a business lunch, or proximity to the post office or City Hall, to name just a few. The DTC actively works to not only preserve this lifestyle, but to improve the mix of businesses and the quality of the public space.

**10. Are there other ways to raise the money other than assessment?**

Yes, there are a number of different mechanisms used by the DTC to raise additional dollars. In its first nine years, the private assessments were only 47% of the total funding for the DTC. Other DTC revenue sources have included contracts with the city for parking management, special events, selling advertising in *The Downtowner*, corporate assistance and promotion of the area, to name just a few. It is anticipated that private assessments will make up 64% of total DTC revenue for the new 5-year term.

**11. How does the DTC work with the City's development boards?**

The DTC, through its committees, has been advisory to the City's development boards (Design Review, Board of Adjustment, Planning and Zoning) on projects that occur within the boundaries of the Downtown Tempe District.

**12. Why would bars and restaurants have to pay more proportionately?**

Efforts spent on promotional activities to bring more customers to Downtown benefit bars and restaurants slightly more than retailers who, in turn, will benefit slightly more than offices, nonprofit organizations and governmental entities.

**13. Why are vacant spaces assessed?**

Since part of the DTC's job is to market Downtown to prospective tenants, it is reasonable to expect an owner of vacant property to share in the costs as well.

**14. Who decided on these priorities and goals?**

These priorities and goals are the result of years of meetings with the business people and community leaders you elected to represent your interests on the DTC Board of Directors.

**15. What happens if Downtown Tempe Community, Inc. cannot meet its financial obligations?**

It cannot happen. The DTC cannot operate on a deficit budget. The budget will be reviewed by the City yearly and each year's budget is subject to a public hearing process.

**16. Why do we need a director and staff?**

If no one is responsible for the operation of the District, nothing will get done. Over the 15 years prior to the formation of the DTC, countless volunteer hours have been spent by dozens of people in Downtown Tempe to help guide the redevelopment process. The nuts and bolts of managing the day-to-day concerns as well as the long-term, more comprehensive projects must be administered by experienced professionals. The DTC must be run like a business, much like a mall has professional management.

## Assessments

### Downtown Tempe Enhanced Services Improvement District

District Parcel Number	Owners Name	County Assessor's Parcel Number	FY2004 Assessment
1	5 <sup>th</sup> & College, L.L.C.	132-27-011	2,250.57
2	AZ Board of Regents	132-27-012A	Exempt
3	C & B Tempe Two LLC	132-27-019	1,707.02
4	Christopher, Joseph D	132-27-021	1,062.55
5	City of Tempe (City Hall & 525)	132-27-030A-045	*(25,548.82)
6	City of Tempe (Laird Bldg.)	132-27-039	*(4,045.64)
7	City of Tempe (Reds Moviloa, Inc.)	132-27-041	1,293.05
8	Number Reserved		
9	Nahom, Herzel & Jean	132-27-060A	1,416.64
10	Nahom, Herzel & Jean	132-27-063	1,929.27
11	City of Tempe (Brickyard)	132-27-156-2	*(31,474.90)
12	City of Tempe (Orchid House)	132-27-163-7	*(2,776.60)
13	Orchid House Residential	132-27-204 thru 348-1	Exempt
14	City of Tempe (Brickyard Parking)	132-27-155-5	*(11,760.15)
15	City of Tempe (B.B. Moeur)	132-27-054B	*(776.57)
16	First Congregational Church	132-27-078	Exempt
17	First Congregational Church	132-27-081	Exempt
18	Ruth Thompson	132-27-083	662.50
19	Robert and Robin Tricks	132-27-084	540.42
20	Robert and Robin Tricks	132-27-086	514.00
21	North American Islam	132-27-087	669.00
22	North American Islam	132-27-072	Exempt
23	AZ Board of Regents	132-27-095	Exempt
24	Number Reserved		
25	Church of Jesus Christ	132-27-092	Exempt
26	R.E. & A.L. Grinder	132-27-090	525.00
27	Church of Jesus Christ	132-27-089A	Exempt
28	AZ Board of Regents	132-27-096	Exempt
28	Number Reserved		
30	Francis Keller	132-27-102	Exempt
31	AZ Board of Regents	132-27-103	Exempt
32	Number Reserved		
33	Saba Brothers Rental	132-27-108A	1,131.52
34	C & R Investments Co.	132-217-107A	1,604.48
35	College Enterprises, Inc.	132-27-110	792.00
36	Joseph Enterprises	132-27-114	1,243.00
37	Joseph Enterprises	132-27-118	1,115.35
38	Boydston, John T. & J. E.	132-27-119	1,578.44
39	Pham Le Huong & Q Vinh	132-27-120A	638.40
40	Guy & Sandra Vale	132-27-121B	515.32
41	Roman Catholic Diocese	132-27-124A	Exempt
42	Joseph Enterprises	132-27-128	1,050.75

43	Joseph Enterprises	132-27-132	175.00
44	Joseph Enterprises	132-27-133A	258.5
45	Joseph Enterprises	132-27-133B	180.00
46	Joseph Enterprises	132-27-010	495.10
47	Joseph Enterprises	132-27-003	476.18
48	Snaford Couch	132-27-008	Exempt
49	Joseph Enterprises	132-27-007	358.33
50	Joseph Enterprises	132-27-006	222.18
51	Joseph Enterprises	132-27-001	1,393.80
52	Joseph Enterprises	132-27-004	751.79
53	Joseph Enterprises	132-27-129B	3,565.00
54	Tempe Mill, L.L.C.	132-27-135	999.75
55	Bankers Trust	132-27-136	615.07
56	Helen L. Munger	132-27-137	385.00
57	Helen L. Munger	132-27-238	Exempt
58	MCW Eleven E. 7 <sup>th</sup> St. LLC	132-27-139	689.04
59	Tempe Mill, L.L.C.	132-27-140	1,647.87
60	FFCA/IIP 1986 Property	132-27-143	1,444.75
61	Michael D. Frost	132-27-150A	1,743.35
62	Bank One	132-27-151	3,175.39
63	Jung, Bernard & Pearl	132-27-152	888.20
64	Salvation Army	132-27-153	
65	U.S. Postal Service	132-30-001	
66	Linoff Development Co	132-30-002	1,578.46
67	Old Towne Ventures	132-30-006	1,505.33
68	MCW TNB LLC	132-30-008	1,341.00
69	Mountain States Telephone	132-30-013	2,492.3
70	Number Reserved		
70A	Centerpoint Plaza 1 (CP4)	132-30-146	2,975.48
70B	Centerpoint Plaza 1 (CP6)	132-30-148	3,619.05
70C	City (Harkins) (CP2)	132-30-144	*(7,610.41)
70D	Centerpoint Plaza 1 (CP3)	132-30-145	9,281.11
70E	Chase Manhattan Bank	132-30-143	31,897.36
70F	HPTMI Properties	132-30-149A	7,699.95
70G	City of Tempe (Mark Irby)	132-30-149B (part)	*(715.30)
70H	Brownstone 6 <sup>l</sup> & Maple, LLC	132-30-149B (part)	6,256.41
70I	City of Tempe (Fire Station)	132-30-149B (part)	*(2,139.15)
70J	Centerpoint Plaza 1 (Z-Tejas)	132-30-149B (part)	3,564.00
71	Centerpoint Plaza 1 (CP5)	132-30-147	14,313.39
72	Chase Manhattan Bank	132-30-056	*(6,088.86)
73	Gentle Strength Co-Op	132-30-138D	3,567.36
74	McDuffy's Sports Bar, Inc.	132-29-011	3,662.13
75	City of Tempe (H.S. Pkg. Assoc.)	132-29-001	*(4,755.18)
76	LAFP Phoenix, Inc.	132-29-230B	1516.14
77.001	H.S. Condos, Pkg. Assoc.	132-29-101A	Exempt
77.002-119	H.S. Condos	132-29-233-350	Exempt
78	Maple Ave. Investment Co.	132-29-973	1,976.94
79	Street Retail Inc.	132-29-042	3,101.33
80	Meislin, Jerome & Barbara	132-29-034	5,931.65

81	City of Tempe (Hacket House)	132-29-044	*(2,389.70)
82	Robert Coleman Trust	132-29-089	2,507.68
83	LAFP Phoenix, Inc.	132-29-101C	15,564.25
84	City of Tempe (AWA)	132-29-180	*(31,738.15)
85	Number Reserved		
86	Number Reserved		
87	Monti's La Casa Vieja	132-29-171A	9,182.42
88	Macayo's Depot Cantina Inc.	132-29-971A	3,936.23
89	Old Towne Sq. Partners II	132-29-972B	1,626.24
90	Arizona Sports Foundation	132-29-972A	2,387.66
91	America West Airlines	132-20-18A	3,170.26
92	City of Tempe (Tempe Beach)	132-20-002	*(10,231.02)
93A	City of Tempe (SunCor)	132-20-001A	*(35,674.50)
93B	City of Tempe (Lakeside Vacant)	132-20-015H	*(6643.34)
94	MCW Tempe Mill, LLC	132-20-016	9,216.90
95-97	Numbers Reserved		
98	City of Tempe (Tempe Butte)	132-28-70B	*(28,384.78)
99	Zerobnick Trustee, Martin	132-28-012	1,585.50
100	Mill Ave. Partners	132-28-015	3,079.87
101	David Richardson	132-28-019B	370.00
102	Wealth Properties	132-28-020B	1,483.33
103	L-O Mission Palms, Inc.	132-28-001A	27,224.84
104	City (Police/Courts)	132-28-059A	*(18,833.48)
105	Nat'l Guard Armory	132-26-070	EXEMPT
106	AZ Board of Regents	132-26-060A	EXEMPT
107part	Bud Morrison	124-33-145	EXEMPT
107part	City of Tempe (5 <sup>th</sup> & Farmer parking)	124-33-145	3,714.00
109	Thorens	124-32-061A	EXEMPT
110		124-24-003	EXEMPT
<b>District Total=</b>			<b>\$466,100.70</b>

\*( ) Indicate Assessment to be collected by City of Tempe